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**FISCAL IMPACT STATEMENT**

**LS 7160**  
**BILL NUMBER: HB 1903**

**NOTE PREPARED: Jan 8, 2003**  
**BILL AMENDED:**

**SUBJECT:** Wagering Tax.

**FIRST AUTHOR:** Rep. Denbo  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill increases the Riverboat Wagering Tax by 1% on each bracket for each month that a riverboat is not operating in Orange County. The bill authorizes a Joint Historic District located in French Lick and West Baden Springs and distributes 50% of the tax revenues attributable to the additional rate to the Joint Historic District's Historic Preservation Commission. The bill divides the remaining tax revenues attributable to the additional rate equally among Orange County, French Lick, West Baden Springs, and the Tourism Commissions of French Lick and West Baden Springs.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill increases the Riverboat Wagering Tax and directs the increased revenue to entities identified above. See *Explanation of Local Revenues*.

**Explanation of Local Expenditures:** The bill authorizes French Lick and West Baden Springs to establish a Joint Historic District by interlocal agreement. The bill requires a Historic Preservation Commission consisting of seven members to govern the operations of the District. The bill requires that each member of the Commission be paid a monthly salary of \$500. The bill establishes a Community Trust Fund to include money disbursed from the Commission, donations, and interest and dividends on assets of the Fund. The Commission is required to manage and develop the Fund and its assets. The bill requires expenses of administering the Fund to be paid from the Fund. The Commission has the sole authority to allocate money from the Fund for: (1) the preservation, restoration, maintenance, operation, and development of the French Lick and West Baden Springs historic resort hotels; (2) infrastructure projects in the surrounding community;

(3) historic preservation or restoration projects in the community; and (4) other projects designed to enhance the historic character of the community. Money allocated by the Commission from the Fund to the French Lick and West Baden Springs historic resort hotels must be in equal amounts. In addition, the bill prohibits the Commission from allocating more than 90% of the money in the Fund to the historic hotels.

The bill requires the Commission to hold public meetings and to keep a public record of its resolutions, proceedings, and actions. The Commission would be subject to laws relating to the deposit of public money and would have to deposit money under the advisory supervision of the State Board of Finance. The Commission also would be subject to examination by the State Board of Accounts.

**Explanation of Local Revenues:** The bill increases by 1%: (1) the flat rate Wagering Tax that applies to riverboats that do not implement flexible scheduling; and (2) each of the graduated Wagering Tax rates that apply to riverboats that implement flexible scheduling. The rate increase could potentially increase revenue from the Riverboat Wagering Tax by \$21.3 M in FY 2004 and \$25.2 M in FY 2005. Under the bill, the incremental revenue from the rate increase is distributed to the French Lick/West Baden Springs Historic Preservation Commission (authorized by the bill) and other local units in Orange County. The estimated distribution totals for FY 2004 and FY 2005 are presented in the table below.

Recipient	FY 2004	FY 2005
French Lick/West Baden Springs Historic Preservation Comm.	\$10.7 M	\$12.6 M
Orange County, French Lick, West Baden Springs, French Lick and West Baden Springs Tourism Commissions	\$2.1 M each	\$2.5 M each

*Background:* The bill provides for increases in the Riverboat Wagering Tax rates. Under the bill the tax rate imposed on a riverboat that does not implement flexible scheduling is increased from 22.5% to 23.5% of annual adjusted gross wagering receipts (AGR). The bill increases each of the graduated Wagering Tax rates for riverboats that implement flexible scheduling by 1%. Currently, all ten riverboats have implemented flexible scheduling. The estimated impact of the bill is based on the Revenue Technical Committee's Wagering Tax Forecast (December 18, 2002) for FY 2004 and FY 2005. The current tax rates and the tax rates imposed under the bill are presented in the table below.

Taxable Increment of Annual AGR	Current Law Tax Rate on Increment	Proposed Tax Rate on Increment
\$25 M and under	15%	16%
Over \$25 M up to \$50 M	20%	21%
Over \$50 M up to \$75 M	25%	26%
Over \$75 M up to \$150 M	30%	31%
Over \$150 M	35%	36%

The bill distributes all incremental revenue from the rate increases to the French Lick/West Baden Springs Historic Preservation Commission (authorized by the bill) and other local units in Orange County. The distribution percentages established by the bill are presented in the table below.

<b>Recipient</b>	<b>% Distribution</b>
French Lick/West Baden Springs Historic Preservation Comm.	50%
Orange County, French Lick, West Baden Springs	10% each
French Lick and West Baden Springs Tourism Commissions	10% each

**State Agencies Affected:**

**Local Agencies Affected:** Local units in Orange County.

**Information Sources:** *State Revenue Forecast*, December 18, 2002.

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